

STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN

1

QUARTERLY FINANCIAL REPORTING FORM

Submitted on 1/16/2003 7:12:24 AM

		1
1.	FOR THE QUARTER ENDING:	September 30, 2002
2.	Name:	Managed Dental Care
3.	File Number:(Enter last three digits) 933-0	302
4.	Date Incorporated or Organized:	June 4, 1991
5.	Date Licensed as a HCSP:	December 24, 1991
6.	Date Federally Qualified as a HCSP:	N/A
7.	Date Commenced Operation:	December 24, 1991
8.	Mailing Address:	6200 Canoga Ave., Ste. 100, Woodland Hills, CA 91367
9.	Address of Main Administrative Office:	6200 Canoga Ave., Ste. 100, Woodland Hills, CA 91367
10.	Telephone Number:	800-273-3330
11.	HCSP's ID Number:	95-4326311
12.	Principal Location of Books and Records:	6200 Canoga Ave., Ste. 100, Woodland Hills, CA 91367
13.	Plan Contact Person and Phone Number:	Candee Bolyog 818-596-5825
14.	Financial Reporting Contact Person and Phone Number:	Jennifer Althaus 818-596-5815
15.	President:*	Candee Bolyog
16.	Secretary:*	Richard Goren, DDS
17.	Chief Financial Officer:*	
18.	Other Officers:*	Treasurer - Earl Harry
19.		Vice President - Jennifer Althaus
20.		
21.		
22.	Directors:*	Candee Bolyog
23.		Herschel Reich
24.		Richard Goren, DDS
25.		Roger Samuel, DDS
26.		Gary Lenderink
27.		Armand de Palo
28.		Richard White
29.		
30.		
31.		

The officers listed on lines 15 through 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.

32. President	Candee Bolyog
33. Secretary	Richard Goren, DDS
34. Chief Financial Officer	Signature
* Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement.	
35. Check if this is a revised filing:	<input checked="" type="checkbox"/>
36. If all dollar amounts are reported in thousands (000), check here	<input type="checkbox"/>

Check My Work.

**STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN**

QUARTERLY FINANCIAL REPORTING FORM

SUPPLEMENTAL INFORMATION

		1
1.	Are footnote disclosures attached with this filing?	No <input type="button" value="v"/>
2.	Is the attached reporting form filed on a consolidated or combined basis? If "Yes", the plan is required to file consolidating or combining schedules.	No <input type="button" value="v"/>
3.	Is the plan required to file additional information (i.e. parent/affiliate financial statements, claims reports, etc.) that is required by the Department?	No <input type="button" value="v"/>
4.	Have the Restricted Assets changed from the previous quarterly filing? If "yes", complete Schedule A-2 (Restricted Assets).	No <input type="button" value="v"/>
5.	Are there any significant changes reported on Schedule G, Section III?	No <input type="button" value="v"/>
6.	If "yes", describe:	

STATEMENT AS OF 9-30-2002 OF 933-0302 Managed Dental Care

REPORT #1 ---- PART A: ASSETS

1	2
CURRENT ASSETS:	Current Period
1. Cash and Cash Equivalents	529,806
2. Short-Term Investments	
3. Premiums Receivable - Net	276,496
4. Interest Receivable	
5. Shared Risk Receivables - Net	
6. Other Health Care Receivables - Net	14
7. Prepaid Expenses	72,807
8. Secured Affiliate Receivables - Current	
9. Unsecured Affiliate Receivables - Current	193,449
10. Aggregate Write-Ins for Current Assets	7,908
11. TOTAL CURRENT ASSETS (Items 1 to 10)	1,080,480
OTHER ASSETS:	
12. Restricted Assets	50,000
13. Long-Term Investments	
14. Intangible Assets and Goodwill - Net	
15. Secured Affiliate Receivables - Long-Term	
16. Unsecured Affiliate Receivables - Past Due	
17. Aggregate Write-Ins for Other Assets	11,344
18. TOTAL OTHER ASSETS (Items 12 to 17)	61,344
PROPERTY AND EQUIPMENT	
19. Land, Building and Improvements	
20. Furniture and Equipment - Net	54,386
21. Computer Equipment - Net	
22. Leasehold Improvements -Net	
23. Construction in Progress	
24. Software Development Costs	
25. Aggregate Write-Ins for Other Equipment	0
26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25)	54,386
27. TOTAL ASSETS	1,196,210
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS	
1001. Printed Inventory	3,643
1002. Accounts Receivable - Other	4,265
1003. Rounding	
1004.	
1098. Summary of remaining write-ins for Item 10 from overflow page	
1099. TOTALS (Items 1001 thru 1004 plus 1098)	7,908
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS	
1701. Security Deposits	10,925
1702. Income Tax Receivable	
1703. Def. Income Tax	419
1704.	
1798. Summary of remaining write-ins for Item 17 from overflow page	
1799. TOTALS (Items 1701 thru 1704 plus 1798)	11,344
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT	
2501.	
2502.	
2503.	
2504.	
2598. Summary of remaining write-ins for Item 25 from overflow page	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	0

STATEMENT AS OF 9-30-2002 OF 933-0302 Managed Dental Care

REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

1	2	3	4
CURRENT LIABILITIES:	Current Period		
	Contracting	Non-Contracting	Total
1. Trade Accounts Payable	57,531	XXX	57,531
2. Capitation Payable		XXX	0
3. Claims Payable (Reported)			0
4. Incurred But Not Reported Claims	81,930		81,930
5. POS Claims Payable (Reported)			0
6. POS Incurred But Not Reported Claims			0
7. Other Medical Liability			0
8. Unearned Premiums	80,779	XXX	80,779
9. Loans and Notes Payable		XXX	0
10. Amounts Due To Affiliates - Current	104,077	XXX	104,077
11. Aggregate Write-Ins for Current Liabilities	19,793	0	19,793
12. TOTAL CURRENT LIABILITIES (Items 1 to 11)	344,110	0	344,110
OTHER LIABILITIES:			
13. Loans and Notes Payable (Not Subordinated)		XXX	0
14. Loans and Notes Payable (Subordinated)		XXX	0
15. Accrued Subordinated Interest Payable		XXX	0
16. Amounts Due To Affiliates - Long Term		XXX	0
17. Aggregate Write-Ins for Other Liabilities	0	XXX	0
18. TOTAL OTHER LIABILITIES (Items 13 to 17)	0	XXX	0
19. TOTAL LIABILITIES	344,110	0	344,110
NET WORTH			
20. Common Stock	XXX	XXX	780,300
21. Preferred Stock	XXX	XXX	
22. Paid In Surplus	XXX	XXX	
23. Contributed Capital	XXX	XXX	2,248,500
24. Retained Earnings (Deficit)/Fund Balance	XXX	XXX	-2,176,700
25. Aggregate Write-Ins for Other Net Worth Items	XXX	XXX	0
26. TOTAL NET WORTH (Items 20 to 25)	XXX	XXX	852,100
27. TOTAL LIABILITIES AND NET WORTH	XXX	XXX	1,196,210
DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES			
1101. Accrued Vacation	13,297		13,297
1102. Other Current Liabilities	6,496		6,496
1103.			0
1104.			0
1198. Summary of remaining write-ins for Item 11 from overflow page			0
1199. TOTALS (Items 1101 thru 1104 plus 1198)	19,793	0	19,793
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES			
1701.		XXX	0
1702.		XXX	0
1703.		XXX	0
1704.		XXX	0
1798. Summary of remaining write-ins for Item 17 from overflow page		XXX	0
1799. TOTALS (Items 1701 thru 1704 plus 1798)	0	XXX	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS			
2501.	XXX	XXX	
2502.	XXX	XXX	
2503.	XXX	XXX	
2504.	XXX	XXX	
2598. Summary of remaining write-ins for Item 25 from overflow page	XXX	XXX	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	XXX	XXX	0

STATEMENT AS OF 9-30-2002 OF 933-0302 Managed Dental Care

REPORT #2: REVENUE, EXPENSES AND NET WORTH

	1	2
	Current Period	Year-To-Date
REVENUES:		
1. Premiums (Commercial)	2,085,426	6,046,004
2. Capitation		
3. Co-payments, COB, Subrogation		
4. Title XVIII - Medicare		
5. Title XIX - Medicaid		
6. Fee-For-Service		
7. Point-Of-Service (POS)		
8. Interest	3,391	9,450
9. Risk Pool Revenue		
10. Aggregate Write-Ins for Other Revenues	765	3,065
11. TOTAL REVENUE (Items 1 to 10)	2,089,582	6,058,519
EXPENSES:		
Medical and Hospital		
12. Inpatient Services - Capitated		
13. Inpatient Services - Per Diem		
14. Inpatient Services - Fee-For-Service/Case Rate		
15. Primary Professional Services - Capitated	1,136,996	3,304,913
16. Primary Professional Services - Non-Capitated	240,506	650,936
17. Other Medical Professional Services - Capitated		
18. Other Medical Professional Services - Non-Capitated		
19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS	8,116	23,861
20. POS Out-Of-Network Expense		
21. Pharmacy Expense - Capitated		
22. Pharmacy Expense - Fee-for-Service		
23. Aggregate Write-Ins for Other Medical and Hospital Expenses	250,171	643,058
24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23)	1,635,789	4,622,768
Administration		
25. Compensation	150,008	458,779
26. Interest Expense		
27. Occupancy, Depreciation and Amortization	32,475	97,619
28. Management Fees		
29. Marketing	207,081	596,191
30. Affiliate Administration Services		
31. Aggregate Write-Ins for Other Administration	57,749	158,704
32. TOTAL ADMINISTRATION (Items 25 to 31)	447,313	1,311,293
33. TOTAL EXPENSES	2,083,102	5,934,061
34. INCOME (LOSS)	6,480	124,458
35. Extraordinary Item		
36. Provision for Taxes	5,187	32,865
37. NET INCOME (LOSS)	1,293	91,593
NET WORTH:		
38. Net Worth Beginning of Period	850,807	760,507
39. Audit Adjustments		
40. Increase (Decrease) in Common Stock		
41. Increase (Decrease) in Preferred Stock		
42. Increase (Decrease) in Paid in Surplus		
43. Increase (Decrease) in Contributed Capital		
44. Increase (Decrease) in Retained Earnings:		
45. Net Income (Loss)	1,293	91,593
46. Dividends to Stockholders		
47. Aggregate Write-Ins for Changes in Retained Earnings	0	0
48. Aggregate Write-Ins for Changes in Other Net Worth Items	0	0
49. NET WORTH END OF PERIOD (Items 38 to 48)	852,100	852,100

STATEMENT AS OF 9-30-2002 OF 933-0302 Managed Dental Care

REPORT #2: REVENUE, EXPENSES AND NET WORTH

1	2	3
	Current Period	Year-to-Date
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES		
1001. Commission Income	765	2,428
1002. Other Income		637
1003.		
1004.		
1005.		
1006.		
1098. Summary of remaining write-ins for Item 10 from overflow page		
1099. TOTALS (Items 1001 thru 1006 plus 1098)	765	3,065
DETAILS OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EXPENSES		
2301. GP Supplemental Compensation	143,719	330,206
2302. Credentialing	1,243	5,040
2303. Provider Acquisition	3,383	11,118
2304. Medical Administration	85,536	256,468
2305. Other Medical	5,366	17,158
2306. Quality of Care	10,924	23,068
2398. Summary of remaining write-ins for Item 23 from overflow page		
2399. TOTALS (Items 2301 thru 2306 plus 2398)	250,171	643,058
DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES		
3101. Consulting	10,415	32,237
3102. Office Expense	33,299	87,625
3103. Dues & Subs	1,889	3,829
3104. Tax & License	252	3,940
3105. DMHC Annual Assessment	11,894	31,073
3106.		
3198. Summary of remaining write-ins for Item 31 from overflow page		
3199. TOTALS (Items 3101 thru 3106 plus 3198)	57,749	158,704
DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS		
4701.		
4702.		
4703.		
4704.		
4705.		
4706.		
4798. Summary of remaining write-ins for Item 47 from overflow page		
4799. TOTALS (Items 4701 thru 4706 plus 4798)	0	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH ITEMS		
4801.		
4802.		
4803.		
4804.		
4805.		
4806.		
4898. Summary of remaining write-ins for Item 48 from overflow page		
4899. TOTALS (Items 4801 thru 4806 plus 4898)	0	0

REPORT #3: STATEMENT OF CASH FLOWS (Direct Method)

1	2	3
	Current Period	Year-to-Date
CASH FLOW PROVIDED BY OPERATING ACTIVITIES		
1. Group/Individual Premiums/Capitation	2,165,599	5,956,102
2. Fee-For-Service		
3. Title XVIII - Medicare Premiums		
4. Title XIX - Medicaid Premiums		
5. Investment and Other Revenues	4,156	12,355
6. Co-Payments, COB and Subrogation		
7. Medical and Hospital Expenses	-1,550,342	-4,384,963
8. Administration Expenses	-528,391	-1,900,220
9. Federal Income Taxes Paid		
10. Interest Paid		
11. NET CASH PROVIDED BY OPERATING ACTIVITIES	91,022	-316,726
CASH FLOW PROVIDED BY INVESTING ACTIVITIES		
12. Proceeds from Restricted Cash and Other Assets		
13. Proceeds from Investments		
14. Proceeds for Sales of Property, Plant and Equipment		
15. Payments for Restricted Cash and Other Assets		
16. Payments for Investments		
17. Payments for Property, Plant and Equipment		640
18. NET CASH PROVIDED BY INVESTING ACTIVITIES	0	640
CASH FLOW PROVIDED BY FINANCING ACTIVITIES:		
19. Proceeds from Paid in Capital or Issuance of Stock		
20. Loan Proceeds from Non-Affiliates		
21. Loan Proceeds from Affiliates		
22. Principal Payments on Loans from Non-Affiliates		
23. Principal Payments on Loans from Affiliates		
24. Dividends Paid		
25. Aggregate Write-Ins for Cash Provided by Financing Activities	0	0
26. NET CASH PROVIDED BY FINANCING ACTIVITIES	0	0
27. NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26)	91,022	-316,086
28. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER	438,784	845,892
29. CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	529,806	529,806
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
30. Net Income	1,293	91,593
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
31. Depreciation and Amortization	8,219	29,241
32. Decrease (Increase) in Receivables	59,640	477,431
33. Decrease (Increase) in Prepaid Expenses	3,814	-42,772
34. Decrease (Increase) in Affiliate Receivables	-11,647	142,869
35. Increase (Decrease) in Accounts Payable	2,456	-435,776
36. Increase (Decrease) in Claims Payable and Shared Risk Pool	-73	-18,649
37. Increase (Decrease) in Unearned Premium	27,320	-560,663
38. Aggregate Write-Ins for Adjustments to Net Income	0	0
39. TOTAL ADJUSTMENTS (Items 31 through 38)	89,729	-408,319
40. NET CASH PROVIDED BY OPERATING ACTIVITIES (Item 30 adjusted by Item 39 must agree to Item 11)	91,022	-316,726
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Item 25 from overflow page		
2599. TOTALS (Items 2501 thru 2503 plus 2598)	0	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME		
3801.		
3802.		
3803.		
3898. Summary of remaining write-ins for Item 38 from overflow page		
3899. TOTALS (Items 3801 thru 3803 plus 3898)	0	0

REPORT #3: STATEMENT OF CASH FLOWS (Indirect Method)

	1	2
	Current Period	Year-to-Date
CASH FLOWS FROM OPERATING ACTIVITIES:		
1. Net Income (Loss)	1,293	91,593
ADJUSTMENTS TO RECONCILE NET INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
2. Depreciation and Amortization		
3. Unrealized Gains/Losses on Equity Securities		
4. Gain/Loss on Sale of Assets		
5. Deferred Income Taxes		
CHANGE IN OPERATING ASSETS AND LIABILITIES		
(Increase) Decrease in Operating Assets:		
6. Receivables		
7. Prepaid Expenses		
8. Affiliate Receivables		
9. Aggregate write-ins for (increase) decrease in operating assets	0	0
Increase (Decrease) in Operating Liabilities:		
10. Trade Accounts Payable		
11. Capitation Payable		
12. Claims Payable and IBNR		
13. Other Medical Liability		
14. Unearned Premiums		
15. Affiliate Payables		
16. Aggregate write-ins for increase (decrease) in operating liabilities	0	0
17. NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	1,293	91,593
CASH FLOW FROM INVESTING ACTIVITIES		
18. Proceeds from Restricted Cash and Other Assets		
19. Proceeds from Investments		
20. Proceeds for Sales of Property, Plant, and Equipment		
21. Payments for Restricted Cash and Other Assets		
22. Payments for Investments		
23. Payments for Property, Plant, and Equipment		
24. Aggregate write-ins for cash flow provided by investing activities	0	0
25. NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	0	0
CASH FLOW FROM FINANCING ACTIVITIES		
26. Proceeds from Paid-in-Capital or Issuance of Stock		
27. Loan Proceeds from Non-Affiliates		
28. Loan Proceeds from Affiliates		
29. Principal Payments on Loans from Non-Affiliates		
30. Principal Payments on Loans from Affiliates		
31. Dividends Paid		
32. Principal Payments under lease obligations		
33. Aggregate write-ins for cash flow provided by financing activities	0	0
34. NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	0	0
35. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,293	91,593
36. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER		
37. CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	1,293	91,593

REPORT #3: STATEMENT OF CASH FLOWS (Indirect Method)

1	2	3
	Current Period	Year-to-Date
DETAILS OF WRITE-INS AGGREGATED AT ITEM 9 FOR (INCREASE) DECREASE IN OPERATING ASSETS		
901.		
902.		
903.		
998. Summary of remaining write-ins for Item 9 from overflow page		
999. TOTALS (Items 901 thru 903 plus 998)	0	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 16 FOR INCREASE (DECREASE) IN OPERATING LIABILITIES		
1601.		
1602.		
1603.		
1698. Summary of remaining write-ins for Item 16 from overflow page		
1699. TOTALS (Items 1601 thru 1603 plus 1698)	0	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 24 FOR CASH FLOW PROVIDED BY INVESTING ACTIVITIES		
2401.		
2402.		
2403.		
2498. Summary of remaining write-ins for Item 24 from overflow page		
2499. TOTALS (Items 2401 thru 2403 plus 2498)	0	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 33 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES		
3301.		
3302.		
3303.		
3398. Summary of remaining write-ins for Item 33 from overflow page		
3399. TOTALS (Items 3301 thru 3303 plus 3398)	0	0

TOTAL ENROLLMENT

[illegible]

SCHEDULE A-1 (CASH)

1	2	3
Name of Depository (List all accounts even if closed during the period)	Account Number	Balance*
1. Wells Fargo Bank	4518-111638	-14,918
2. Wells Fargo Bank	4518-109731	-75,777
3. Chase Bank	910-2-774495	1,132,677
4. Wells Fargo Bank	4417-898244	0
5. Fleet Bank	005-048-3979	-512,176
6.		
7.		
8.		
9. Total Cash on Deposit		529,806
10. Cash on Hand (Petty Cash)		
11. Total Cash on Hand and on Deposit (Report #1, Part A, Line 1)		529,806

SCHEDULE A-2 RESTRICTED ASSETS

1	2	3
Name of Depository (List all accounts even if closed during period)	Account Number	Balance*
12. US Bank	465407-364300555915	50,000
13.		
14.		
15.		
16.		
17.		
18.		
19. Total Restricted Assets		50,000

* Indicate the Balance Per the HMO's Records

STATEMENT AS OF 9-30-2002 OF 933-0302 Managed Dental Care

SCHEDULE C - PREMIUMS RECEIVABLE (Other than Affiliates)

Individually list all debtors (commercial only) with account balances greater than 5% of gross Premiums Receivable

1	2	3	4	5
Name of Debtor	31-60 Days	61-90 Days	Over 90 Days	Total
1.				0
2.				0
3.				0
4.				0
5.				0
6.				0
7.				0
8.				0
9.				0
10.				0
11.				0
12.				0
13.				0
14.				0
15.				0
16.				0
17.				0
18.				0
19.				0
20.				0
21.				0
22.				0
23.				0
24.				0
25.				0
26.				0
27.				0
28.				0
29.				0
30.				0
31.				0
32.				0
33.				0
34.				0
35.				0
36.				0
37.				0
38.				0
39.				0
40.				0
41.				0
42.				0
43.				0
44.				0
45.				0
46.				0
47.				0
48.				0
49.				0
50.				0
51.				0
52.				0
53.				0
54.				0
55. Total - Individual Listed Receivables	0	0	0	0

STATEMENT AS OF 9-30-2002 OF 933-0302 Managed Dental Care

**SCHEDULE D
HEALTH CARE RECEIVABLES &
AMOUNTS DUE FROM PARENT, SUBSIDIARIES, AND AFFILIATES**

Individually list all debtors with account balances greater than 10% of gross Receivables

1	2	3	4	5
Name of Debtor	31-60 Days	61-90 Days	Over 90 Days	Total
1. Guardian Life Insurance Company	193,449			193,449
2.				0
3.				0
4.				0
5.				0
6.				0
7.				0
8.				0
9.				0
10.				0
11.				0
12.				0
13.				0
14.				0
15.				0
16.				0
17.				0
18.				0
19.				0
20.				0
21.				0
22.				0
23.				0
24.				0
25.				0
26.				0
27.				0
28.				0
29.				0
30.				0
31.				0
32.				0
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35.				0
36.				0
37.				0
38.				0
39.				0
40.				0
41.				0
42.				0
43.				0
44.				0
45.				0
46.				0
47.				0
48.				0
49.				0
50.				0
51.				0
52.				0
53.				0
54.				0
55. Total - Individual Listed Receivables	193,449	0	0	193,449

STATEMENT AS OF 9-30-2002 OF 933-0302 Managed Dental Care

SCHEDULE F - ACCOUNTS PAYABLE

Individually list all creditors with account balances greater than 5% of total trade accounts payable. Group the total of all other payables and enter on the line titled, "Aggregate Accounts Not Individually Listed-Due." Report accounts payable from the initial date of billing or due date under contract.

1 Name of Debtor		2 31-60 Days	3 61-90 Days	4 91-120 Days	5 Over 120 Days	6 Total
1.						0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0
24.	Total - Individual Listed Payables	0	0	0	0	0

SCHEDULE G - UNPAID CLAIMS ANALYSIS
SECTION I - CLAIMS UNPAID

Type of Claim	1 Reported Claims in Process of Adjustment	2 Estimated Incurred but Unreported	3 Total - Unpaid Claims (Columns 4+5 of Section II)
1. Inpatient Claims			0
2. Physician Claims			0
3. Referral Claims	0	81,930	81,930
4. Other Medical			0
5. TOTAL	0	81,930	81,930

SECTION II - ANALYSIS OF CLAIMS UNPAID - PREVIOUS YEAR (FILE ANNUAL ONLY)

1 Type of Claim	Claims Paid During the Fiscal Year		Unpaid Claims During the Fiscal Year		6 Total Claims (Paid and Unpaid) for the Previous Fiscal Year (2+4)	7 Estimated Liability of Unpaid Claims Prior to the first day of the Prior Year
	2 On Claims Incurred Prior to the first day of the Current Fiscal Year	3 On Claims Incurred During the Fiscal Year	4 On Claims Unpaid Prior to the first day of the Previous Fiscal Year	5 On Claims Incurred During the Year		
6. Inpatient Claims					0	
7. Physician Claims					0	
8. Referral Claims					0	
9. Other Medical					0	
10. TOTAL	0	0	0	0	0	0

SECTION III - INVENTORY OF CLAIMS TO BE PROCESSED*

1 Month Ending	2 Beginning Balance Number of Claims in inventory on the 1st of each month	3 Add - Claims Received during the month	4 Deduct - Claims paid during the month	5 Deduct - Claims denied during the month	6 Add/Deduct - Adjustments	7 Ending Balance Number of claims in inventory at the end of the month
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0

* Describe any significant changes reported on Schedule G, Section III in the Supplemental Schedule (Page 2).

STATEMENT AS OF 9-30-2002 OF 933-0302 Managed Dental Care

SCHEDULE H - AGING OF ALL CLAIMS

Age all claims on hand at the end of each month. Use the date of receipt to determine the number of days the claims is outstanding. The amount reported in Column 6 should equal the amount Reported on Schedule G, Section III, Column 7.

	1	2	3	4	5	6
	Month Ending	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
1.						0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0

STATEMENT AS OF 9-30-2002 OF 933-0302 Managed Dental Care

SCHEDULE I - ANALYSIS OF TOTAL MEDICAL LIABILITY TO ACTUAL CLAIMS PAID

Using the Plan's Lag Tables, complete the following table. Provide claim information the current quarter and the previous seven quarters. An actuarial certification may be submitted in lieu of this schedule.

Reported Accrual				
1	2	3	4	5
Quarter Ending Date	Total Medical Liability*	Amount Paid-To-Date	Difference - Column (2-3)	Liability (Based on plan's lag table)
1. Current		XXX	0	
2. Previous			0	
3. Previous			0	
4. Previous			0	
5. Previous			0	
6. Previous			0	
7. Previous			0	
8. Previous			0	

* Should tie to Report #1, Part B, Columns 1 & 2, Lines 3 through 7.

1	
NOTES TO FINANCIAL STATEMENTS	
1.	Managed Dental Care has elected to report its financial data in whole dollar amounts.
2.	
3.	NOTE 1 - ORGANIZATION AND BUSINESS
4.	
5.	Managed Dental Care (the "Company") was incorporated under the laws of the State of California on
6.	June 4, 1991, for the purpose of providing prepaid dental services for employer groups and unions in
7.	selected areas throughout the State. The Company has been licensed by the Department of Corporations
8.	since December 24, 1991 and has operated as a licensed health care service plan under the Knox-Keene
9.	Act (the "Act") since January 1, 1992. Effective in 2000, HMOs in the State of California are regulated
10.	by the Department of Managed Health Care (the "DMHC"). The DMHC is exclusively devoted to the
11.	licensing and regulation of health care service plans or HMOs. The DMHC will continue to enforce the
12.	Act and has increased authority to protect health plan subscribers and enrollees. Under the Act, the
13.	Company must comply with certain minimum capital or tangible net equity ("TNE") requirements. The
14.	Company is required to periodically file financial statements with the DMHC in accordance with statutory
15.	accounting and reporting practices. As of September 30, 2002, the Company exceeded the minimum TNE
16.	requirement of \$158,417. Effective April 25, 1996, all of the outstanding shares of the Company were
17.	purchased by the Guardian Life Insurance Company of America (the "Parent"). This transaction did not
18.	change the historical basis of the assets of the Company.
19.	
20.	NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
21.	
22.	The Company prepares its financial statements in accordance with the AICPA Auditing and Accounting
23.	Guide for "Health Care Organizations." The following is a summary of significant accounting policies
24.	used in the preparation of the accompanying financial statements. Such policies are in accordance with
25.	accounting principles generally accepted in the United States of America and have been consistently
26.	applied. The preparation of financial statements in conformity with accounting principles generally
27.	accepted in the United States of America requires management to make estimates and assumptions that
28.	affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at
29.	the date of the financial statements and the reported amounts of revenues and expenses for each reporting
30.	period. The significant estimates made in the preparation of the Company's financial statements relate
31.	to the assessment of the carrying value of receivables, intangible assets and capitation and claims
32.	payable. While management believes that the carrying value of such assets and liabilities are adequate
33.	as of September 30, 2001, it is reasonably possible that actual results could differ from the estimates
34.	upon which the carrying values were based.
35.	
36.	NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
37.	
38.	Premium Revenue
39.	
40.	Membership contracts are written on a one- or two-year basis. Premiums are due monthly and are
41.	recognized as revenue during the period in which the Company is obligated to provide dental services to
42.	its members.
43.	
44.	Dental Service Cost Recognition
45.	
46.	The Company contracts with various general practitioners and specialists for the provision of specified
47.	dental services to its members. The Company primarily compensates general practitioners on a capitated
48.	basis. Capitation is a fixed, monthly payment made without regard to the frequency, extent or nature of
49.	the health care services actually furnished. The Company also makes supplemental payments to its
50.	general practitioners for providing certain services to its members based on a defined fee schedule.
51.	Services performed by specialists must be approved by the Company prior to service being provided and
52.	are reimbursed based on a defined fee schedule. Provider contracts may be terminated by either party
53.	upon giving ninety days written notice.
54.	
55.	The cost of dental services provided or contracted for is accrued in the period in which it is provided
56.	to a member based in part on estimates, including an accrual for the cost of dental services incurred
57.	but not reported to the Company.
58.	
59.	Notes to Financial Statements continued on Overflow page.

1	
OVERFLOW PAGE FOR WRITE-INS	
1.	Note 2 - Continued
2.	
3.	Cash and Cash Equivalents
4.	
5.	For purposes of the statement of cash flows, the Company considers all short-term debt securities
6.	purchased with a maturity of three months or less to be cash equivalents. At September 30, 2002, there
7.	were no cash equivalents. The Company maintains cash deposits, in financial institutions, which exceed
8.	the amount insured by the U.S.Government. Nonperformance by these institutions could expose the
9.	Company to losses for amounts in excess of the insured balances. However, the Company has not
10.	experienced nor anticipates nonperformance by the institutions.
11.	
12.	Property and Equipment
13.	
14.	Property and equipment are stated at cost less accumulated depreciation and amortization. Expenditures
15.	for maintenance and repairs are charged against operations. Renewals and betterments that materially
16.	extend the life of the assets are capitalized. Depreciation and amortization is computed on a straight-
17.	line basis over the useful lives ranging from five years for computer hardware and software, seven years
18.	for furniture and fixtures, and the remaining life of the lease for leasehold improvements.
19.	
20.	Federal Income Taxes
21.	
22.	The Company has a tax sharing agreement with the Parent and is included in the consolidated federal
23.	return filed by the Parent. The provision for income taxes has been computed as if the Company files
24.	returns on a separate-company basis. Current federal income taxes so computed are receivable or are
25.	payable by the Company to the Parent. State and local income taxes are paid directly to the appropriate
26.	authorities.
27.	
28.	Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount
29.	of assets and liabilities for financial reporting purposes and the amounts used for income tax reporting
30.	purposes. The Company has established a valuation allowance for its deferred tax assets that are not
31.	likely to be realized.
32.	
33.	NOTE 3 - MANAGEMENT PLANS
34.	
35.	The Company has suffered recurring losses. The Parent has provided to the Company a written letter of
36.	financial support of \$5 million for a term without expiration of which \$1.5 million has been contributed
37.	to date. During 2002, the Parent did not make any additional contributions to the Company.
38.	
39.	The Company is undertaking a number of initiatives to enhance growth, including new products and
40.	marketing programs. The Company will continue to implement measures to increase membership, cash
41.	flow and revenues.
42.	
43.	NOTE 4 - CERTIFICATE OF DEPOSIT
44.	
45.	The Company is required by the DMHC to maintain \$50,000 in a certificate of deposit in order to meet
46.	the licensing requirements for a health care service plan. These funds, classified as other non-current
47.	assets in the accompanying balance sheet, can only be used by the Company in the event of termination of
48.	the business.
49.	
50.	
51.	Notes to Financial Statements continued on Sheet 1.
52.	
53.	
54.	
55.	
56.	
57.	
58.	
59.	

STATEMENT AS OF 9-30-2002 OF 933-0302 Managed Dental Care

KNOX-KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1300.84.06, 1300.84.2 AND 1374.68

	1	2	3	4	5
A.	Explanation of the method of calculating the provision for incurred and unreported claims:				
1.					
B.	Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below:				
	<u>Name of Debtor</u>	<u>Nature of Relationship</u>	<u>Nature of Receivable</u>	<u>Amount</u>	<u>Terms</u>
2.	Guardian Life Insurance Co	Parent	Exp Reimbursement	94,340	net 30
3.					
4.					
5.					
6.					
C.	Donated materials or services received by the reporting entity for the period of the financial statements, as detailed below:				
	<u>Donor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Valuation Method</u>	<u>Amount</u>	
7.					
8.	N/A				
9.					
10.					
11.					
D.	Forgiven debt or obligations, as detailed below:				
	<u>Creditor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Summary of How Obligation Arose</u>	<u>Amount</u>	
12.					
13.	N/A				
14.					
15.					
E.	Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules:				
16.	Net Equity		\$	852,100	
17.	Add: Subordinated Debt		\$		
18.	Less: Receivables from officers, directors, and affiliates		\$	193,449	
19.	Intangibles		\$		
20.	Tangible Net Equity (TNE)		\$	658,651	
21.	Required Tangible Net Equity (See Page 22)		\$	158,417	
22.	TNE Excess (Deficiency)		\$	500,234	
F.	Percentage of administrative costs to revenue obtained from subscribers and enrollees:				
23.	Revenue from subscribers and enrollees		\$	2,085,426	
24.	Administrative Costs		\$	447,313	
25.	Percentage			21	
26.	The amount of health care expenses incurred during the six month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees:		\$	16,508	
27.	Total costs for health care services for the immediately preceding six months:		\$	3,076,146	
28.	Percentage			1	

STATEMENT AS OF 9-30-2002 OF 933-0302 Managed Dental Care

21

		1
<p>G. If the amount of health care expenses incurred during the six month period immediately preceding the date of the report which <u>were or will be</u> paid to noncontracting providers or directly reimbursed to subscribers and enrollees exceeds 10% of the total costs for health care services for the immediately preceding six months, the following information, determined as of the date of the reports, shall be provided:</p>		
29. Amount of all claims for noncontracting provider services received for reimbursement but not yet processed:	\$	
30. Amount of all claims for noncontracting provider services denied for reimbursement during the previous 45 days:	\$	
31. Amount of all claims for noncontracting provider services approved for reimbursement but not yet paid:	\$	
32. An estimate of the amount of claims for noncontracting provider services incurred, but not reported:	\$	
33. Compliance with Section 1377(a) as determined in accordance with such section, as follows:		
34. Cash & cash equivalents maintained	\$	
35. Noncontracting provider claims (aggregate of total of items 29 - 32 above)	\$	0
36. Cash & cash equivalents reported to be maintained (120% x Line 35)	\$	0
37. Deposit required (100% of Line 36)	\$	0
38. Excess (deficient) reserves (Line 34 - Line 37)	\$	0
Percentage of premium revenue earned from point-of-service plan contracts:		
39. Premium revenue earned from point-of-service plan contracts	\$	
40. Total premium revenue earned	\$	
41. Percentage		
Percentage of total health care expenditures incurred for enrollees for out-of-network services for point-of-service enrollees:		
42. Health care expenditures for out-of-network services for point-of-service enrollees	\$	
43. Total health care expenditures	\$	
44. Percentage		
45. Point-of-Service Enrollment at end of period		
Total Ambulatory encounters for period for point-of-service enrollees:		
46. Physician		
47. Non-Physician		
48. Total		0
49. Total Patient Days Incurred for Point-of-Service enrollees		
50. Annualized Hospital Days/1000 for Point-of-Service enrollees		0
51. Average Length of Stay for Point of Service enrollees		0
52. Compliance with Section 1374.68(a) as follows:		
53. Current Monthly Claims Payable for out-of-network coverage or services provided under Point-of-Service Contracts:	\$	
54. Current monthly incurred but not reported claims balance for out-of-network coverage or services provided under Point-of-Service contracts	\$	
55. Total	\$	0
56. Total times 120%	\$	0
57. Deposit (Greater of Line 56 or minimum of \$200,000)	\$	

STATEMENT AS OF 9-30-2002 OF 933-0302 Managed Dental Care

REQUIRED TANGIBLE NET EQUITY (TNE) CALCULATION:

TNE required must be equal to the GREATER of "A" "B" or "C" below (See Rule 1300.76)

Full Service Plans		Specialized Plans	
	1		2
A. Minimum TNE Requirement	\$ 1,000,000	Minimum TNE Requirement	\$ 50,000
B. REVENUES:			
1. 2% of the first \$150 million of annualized premium revenues	\$	2% of the first \$7.5 million of annualized premium revenue	\$ 150,000
Plus		Plus	
2. 1% of annualized premium revenues in excess of \$150 million	\$	1% of annualized premium revenue in excess of \$7.5 million	\$ 8,417
3. Total	\$ 0	Total	\$ 158,417
C. HEALTHCARE EXPENDITURES:			
4. 8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$	8% of the first \$7.5 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$ 132,242
Plus		Plus	
5. 4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis.	\$	4% of annualized health care expenditures in excess of \$7.5 million except those paid on a capitated or managed hospital payment basis.	\$
Plus		Plus	
6. 4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$	4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$
7. Total	\$ 0	Total	\$ 132,242
8. Required "TNE" - Greater of "A" "B" or "C"	\$	Required "TNE" - Greater of "A" "B" or "C"	\$ 158,417

**KNOX -KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1374.64**

POINT OF SERVICE TANGIBLE NET EQUITY CALCULATION

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

	1	
1. Net Equity	\$	852,100
2. Add: Subordinated Debt	\$	
3. Less: Receivables from officers, directors, and affiliates	\$	
4. Intangibles	\$	
5. Tangible Net Equity (TNE)	\$	852,100
6. Required Tangible Net Equity (From Line 10 or 13 below)	\$	
7. TNE Excess (Deficiency)	\$	852,100
ADJUSTED MINIMUM TANGIBLE NET EQUITY CALCULATION (Complete Section I or II):		
I. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(1) or (2):		
8. Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2)	\$	
9. 10% of annualized health care expenditures for out-of-network service for point-of-service enrollees	\$	
10. Add lines 8 and 9	\$	0
II. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(3): PART A		
11. Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 24)	\$	
12. 10% of annualized health care expenditures for out-of-network services for point-of-service enrollees	\$	
13. Add lines 11 and 12	\$	0
III. MINIMUM TNE REQUIREMENT TO DETERMINE MONTHLY REPORTING		
14. Multiply Line 5 (above) by 130%	\$	1,107,730
15. Multiply Line 6 (above) by 130%	\$	0
16. Difference (Line 14 - Line 15)	\$	1,107,730
If Line 14 is less than Line 15, then monthly reporting is required		

STATEMENT AS OF 9-30-2002 OF 933-0302 Managed Dental Care

WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

	1 Full Service Plans	2 Specialized Plans
1. Health care expenditures for period	\$ <input type="text"/>	\$ <input type="text"/>
Less:		
2. Capitated or managed hospital payment basis expenditures	<input type="text"/>	<input type="text"/>
3. Health care expenditures for out-of-network services for point-of-service enrollees	<input type="text"/>	<input type="text"/>
4. Result	<input type="text" value="0"/>	<input type="text" value="0"/>
5. Annualized	<input type="text"/>	<input type="text"/>
6. Reduce to maximum of \$150 million	<input type="text"/>	<input type="text"/>
7. Multiply by 8%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
8. Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
9. Less \$150 million	<input type="text"/>	<input type="text"/>
10. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
11. Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
12. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
13. Total	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>

STATEMENT AS OF 9-30-2002 OF 933-0302 Managed Dental Care

Notes to Financial Statements - Continued.

NOTE 5 - INCOME TAXES

The provision for income taxes consists of the following for the year ended December 31, 2001:

Current:		
Federal benefit	\$	1,742
State expense		<u>(800)</u>
		<u>942</u>
Deferred:		
Federal benefit		4,207
State benefit		<u>1,064</u>
		<u>5,271</u>
Income tax benefit	\$	<u><u>6,213</u></u>

The significant components of the asset for deferred income taxes at December 31, 2001 are as follows:

Deferred tax assets:		
State taxes	\$	280
Accrued Bonuses		7,126
State NOL carryforward		<u>48,574</u>
Total deferred tax assets		<u>55,980</u>
Deferred tax liabilities:		
Office furniture and equipment		<u>6,777</u>
Total deferred tax liabilities		<u>6,777</u>
Valuation allowance		<u>(48,574)</u>
Net deferred tax asset	\$	<u><u>629</u></u>

At December 31, 2001, the Company has a state NOL carryforward of \$549,478 expiring in 2002 through 2011. The Company has established a valuation allowance for the full amount of the state NOL carryforward.

Notes to financial statements continued on Sheert 2.

STATEMENT AS OF 9-30-2002 OF 933-0302 Managed Dental Care

Notes to Financial Statements - Continued.

Note 5 - Continued.

Income taxes computed at the statutory federal income tax rate of 35% and taxes provided differ as follows for the year ended December 31, 2001:

Income tax benefit at the statutory federal rate \$	6,788
Permanent differences	(1,117)
State taxes, net of federal benefits	(520)
Other, net	<u>1,062</u>
Income tax benefit	<u><u>6,213</u></u>

NOTE 6 - RELATED PARTY TRANSACTIONS

At September 30, 2002, the Parent had obligations to the Company in the amount of \$193,449. This amount relates to expenditures for salaries, rent, benefits and small equipment paid by the Company on behalf of the Parent and intercompany income tax receivable.

At September 30, 2001, the Company had obligations to the Parent in the amount of \$104,077. This amount relates to sales commissions and fees charged the Company by the Parent for dental network management services.

As a wholly owned subsidiary of the Parent, the Company receives services from the Parent including broker services and employee services for dental network management and pays for expenditures related to the Parent including insurance, rent and office supplies. Because of this relationship, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties. The Parent also pays for certain services of the Company for which it does not charge. These services include the annual financial statement audit and salaries of four individuals.

NOTE 7 - COMMITMENTS

The Company leases its office space under a 60 month operating lease (5/1/2003 - 4/30/2008) that is cancelable after the 36th month. Rent expense for the year so far, was \$109,984 and sublease income from the Parent for the year so far was \$60,045. Future minimum obligation under the lease term is as follows:

<u>Year Ended</u>	<u>Amount</u>
2002	195,228
2003	199,694
2004	204,989
2005	211,139
2006	<u>217,473</u>
	<u><u>1,028,523</u></u>

Notes to Financial Statements Continued on Sheet 3

STATEMENT AS OF 9-30-2002 OF 933-0302 Managed Dental Care

Notes to Financial Statements - Continued

NOTE 8 - PROFESSIONAL LIABILITY INSURANCE

The Company is included in its Parent's commercial managed care professional liability insurance. The insurance is on a claims-made basis with a \$100,000 deductible for each claim. The limits of liability are \$10,000,000 for each claim and in the aggregate. No claims have been reported to date and therefore the Company believes no accrual is necessary as of December 31, 2001.

NOTE 9 - RETIREMENT & BENEFIT PLAN

The Company adopted the Managed Dental Care of California Retirement and Savings Plan (the "Plan") on January 1, 1997. The Plan was amended on May 1, 1998 to include employer matching contributions. Under the Plan, employees who have completed one year of service and are at least 20 years of age are eligible to participate in the Plan. The Company may make matching contributions equal to a discretionary percentage of the employee's gross earnings from the Company. The employer's contributions vest gradually and are fully vested after five years of service with the Company. The Company made contributions of approximately \$20,208 year to date as of September 30, 2002.

STATEMENT AS OF 9-30-2002 OF 933-0302 Managed Dental Care

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